

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 21, 2015
	Agenda Item No.	54
	Roll Call No.	<u>15-2165</u>
	Communication No.	<u>15-646</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Items regarding the proposed SW 42nd and Army Post Urban renewal Area and development therein.

- A. Communication from the Plan and Zoning Commission regarding the proposed Urban Renewal Plan for the SE 42nd and Army Post Urban Renewal Area.
- B. Resolution of Necessity for the SW 42nd and Army Post Urban Renewal Area.
- C. Resolution closing hearing on the proposed Urban Renewal Plan for the SW 42nd and Army Post Urban Renewal Area and adopting same.
- D. First reading of a tax increment financing ordinance for above.
- E. Final consideration of ordinance above (waiver requested by the City Manager), requires six (6) votes.
- F. Approval of Urban Renewal Development Agreement with Electro Management Corp., and Electrical Power Products, Inc., for the redevelopment of property within the SW 42nd and Army Post Urban Renewal Area, and approving Conceptual Development Plan.
- G. Resolution Approving Application to the Iowa Economic Development Authority (IEDA) for State of Iowa Business Financial Assistance for Electro Management Corp., and Electrical Power Products, Inc. for a Business Expansion Project

SYNOPSIS:

On September 14, 2015, by Roll Call No. 15-1521, City Council authorized and directed the City Manager to prepare an urban renewal plan and related information and documents to assist in the redevelopment of property at SW 42nd Street and Army Post Road. The property is intended for the relocation and expansion of EP2 (Britt Baker, 1800 East Hull Avenue Des Moines, Iowa 50313).

The boundaries of the 61-acre urban renewal area are generally south of Army Post Road, west of SW 42nd Street, north of Iowa Highway 5 and east of Iowa Highway 28. The required consultation meeting has been held with area taxing entities and no comments have been received. The Urban Design Review Board has reviewed and approved the Urban Renewal Plan as well as project design and the financial assistance package recommended for Electro Management Corp. and Electrical Power Products, Inc. Additional information on the financial assistance package is provided below.

A roll call for Council approval of a State of Iowa Business Financial Assistance application for the Electro Management Corp. and Electrical Power Products, Inc. expansion project is included with the requested Council actions for this agenda item.

FISCAL IMPACT:

The TIF for this area will be prioritized for use on land development activities and public infrastructure projects that will facilitate private sector investment in commercial and industrial development, and allow new taxable valuation to be created for the City of Des Moines. Based on 2014 assessments, the base value of the proposed TIF district is approximately \$67,100.

Amount: EP2 Economic Development Grant equal to 100% of the tax revenues generated until the amount of \$1,600,000 has been paid; 50% of the tax revenues in each following year. Total assistance period is 17 years with an estimated NPV of \$3.3 million.

Funding Source: Project generated tax increment.

ADDITIONAL INFORMATION:

The creation of this Urban Renewal Area and TIF District will facilitate EP2's estimated \$18 million relocation and expansion project, and provided for job retention within the City of Des Moines. Following approval of the Urban Renewal Plan and final terms of the development agreement with the company at this meeting, land acquisition and other necessary processes may get underway for the project to begin construction in spring 2016.

EP2 provides power management systems for commercial and utility industries for power generation, transmission and distribution. Products and services include relay panels, modular control system buildings and wind farm equipment. The company has been in business in East Des Moines for 25 years and currently employs approximately 250-300 people. Positions and average hourly wages include:

Engineers	\$31.25-\$34.15
Logistics	\$28.00-\$30.60
Manufacturing Management	\$27.60-\$30.16
Vice President	\$72.00-\$78.68

The IEDA Business Financial Assistance application for the EP2 project requests \$414,103 in State of Iowa assistance, which will consist of \$270,000 in refund of State sales and use taxes paid out during the construction of the project, and \$144,103 in State Investment Tax Credits (ITC). The application will be reviewed by the IEDA Board in January 2016.

PREVIOUS COUNCIL ACTION(S):

Date: September 14, 2015

Roll Call Number: [15-1521](#)

Action: [Resolution](#) to receive and file proposal for redevelopment and direct the City Manager to negotiate agreement with Electrical Power Products (EP2) and initiate Urban Renewal Designation Process for alternate site. ([Council Communication No. 15-486](#)) Moved by Hensley to receive and file Council Communication No. 15-486; to direct the City Manager to review and initiate creation, for Council consideration and approval and subject to all requirements of Iowa and local law, of an urban renewal plan for the site at SW 42nd Street and Army Post Road; and to direct the City Manager to

negotiate a development agreement with EP2 for the SW 42nd Street and Army Post Road site.
Motion Carried 7-0.

Date: July 27, 2015

Roll Call Number: [15-1285](#)

Action: On items regarding Electrical Power Products, Inc. (EP2):

(B) On the proposed purchase of land in the SE Agrimergent Business Park. ([Council Communication No. 15-429](#)) Moved by Gatto to adopt. Motion Carried 7-0.

Date: July 13, 2015

Roll Call Number: [15-1144](#)

Action: On items regarding Electrical Power Products, Inc. (EP2):

(B) Proposed purchase of land in the SE Agrimergent Business Park, (7-27-15). ([Council Communication No. 15-394](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: June 22, 2015

Roll Call Number: [15-1092](#)

Action: [Communication](#) from City Manager regarding Electrical Power Products (EP2). ([Council Communication No. 15-354](#)) Moved by Gatto to adopt. Motion Carried 7-0.

Date: June 8, 2015

Roll Call Number: [15-0928](#)

Action: [Receipt](#) and file of proposal to purchase City-owned property at SE 43rd and Vandalia Road for redevelopment and direct the City Manager to negotiate preliminary terms of agreement with Electrical Power Products (EP2). ([Council Communication No. 15-286](#)) Moved by Gatto to receive and file Council Communication No. 15-286 and to direct the City Manager to negotiate preliminary terms of a development agreement with EP2. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: December 1, 2015

Resolution Number: N/A

Action: Motion to approve as presented with details of the landscape plan, finalization on entryway and phased implementation of the site and facility by Reynolds. Seconded by C. Nagle. Motion carried. Yes – 10, No – 0, Absent – 0, Abstain – 0.

Board: Urban Design Review Board

Date: November 17, 2015

Resolution Number: N/A

Action: Motion to approve as presented by Hielkema. Seconded by A. Nagle. Motion carried. Yes – 6, No – 0, Absent – 4, Abstain – 0.

Board: Urban Design Review Board

Date: July 21, 2015

Resolution Number: N/A

Action: Motion to approve final design and financial assistance as presented with the landscaping plan and fence design to come back as they are worked out with staff for information purpose by Reynolds. Seconded by MacRae. Motion carried. Yes – 8, No – 0, Absent -3, Abstain – 0.

Board: Plan and Zoning Commission

Date: July 16, 2015

Resolution Number: N/A

Action: Approve with revisions as recommended 11-0.

Board: Urban Design Review Board

Date: July 13, 2015

Resolution Number: N/A

Action: Motion to approve preliminary design and financial assistance subject to Board comments by Hielkema. Seconded by Reynolds. Motion carried. Yes – 7, No – 0, Absent – 3, Abstain – 0.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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